

FRENCHTOWN BOROUGH
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**FRENCHTOWN BOROUGH BOARD OF EDUCATION
FRENCHTOWN BOROUGH, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Prepared by

**FRENCHTOWN BOROUGH BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

FRENCHTOWN BOROUGH SCHOOL DISTRICT

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INTRODUCTORY SECTION

**EDITH ORT THOMAS ELEMENTARY SCHOOL
FRENCHTOWN ELEMENTARY SCHOOL DISTRICT
902 HARRISON STREET
FRENCHTOWN, NEW JERSEY 08825
Phone (908) 996-2751
Fax (908) 996-3599**

Daria Wasserbach
Superintendent

Teresa E. Barna
*Business Administrator/
Board Secretary*

October 2, 2014

Honorable President and
Members of the Board of Education
Frenchtown Elementary School District
Hunterdon County, New Jersey

The comprehensive annual financial report of the Frenchtown Elementary School District for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Frenchtown Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and New Jersey 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid ". Information related to this single audit, including the auditor's report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Frenchtown School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Frenchtown Board of Education and the school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. This includes regular, as well as special education for special need students. The District completed the 2013-14 fiscal year with an enrollment of 142 students, which is below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2013-2014	142	-4.0%
2012-2013	148	-5.7%
2011-2012	157	-8.0%
2010-2011	171	8.0%
2009-2010	159	.006%

2) ECONOMIC CONDITION AND OUTLOOK: The Frenchtown downtown area is being revitalized with new attractive store fronts. The assessed values of the borough properties have declined slightly.

3) MAJOR INITIATIVES: The Danielson Evaluation Criteria Model was successfully implemented in accordance with Achieve NJ. The status of the curriculum was evaluated to determine the areas of critical need. Plans are in place to address these needs. The district had a change in its top administration during the year. The board has taken proactive measures to partner with the regional high school to provide administrative services. Although the path to this arrangement came with some set backs with regards to compliance with financial reporting, the district ended the year positively. All compliance issues were rectified prior to the close of the fiscal year.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management. As part of the district's single audit described earlier, tests are made to determine the adequacy of the internal control

structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management for the fiscal year ended June 30, 2014.

	Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage of Increase (Decrease)
REVENUES				
Local Sources:				
Tax Levy:				
General:	\$1,705,934	61.95	\$ 32,629	1.95
Debt	143,454	5.21	4681	3.37
Other Revenues	72,726	2.64	46,406	176.31
State Aid	732,056	26.59	(15,504)	-2.07
Federal Aid	99,393	3.61	26,159	35.72
Total	\$2,753,563	100.00	\$ 94,371	3.55
EXPENDITURES				
General Fund:				
Current Expense	\$2,385,852	87.08	\$ 81,780	3.55
Capital Outlay	111,161	4.06	95,191	596.06

Special Projects	99,412	3.63	25,889	35.21
Debt Service				
Principal	125,000	4.56	10,000	8.70
Interest	<u>18,454</u>	<u>0.67</u>	<u>(5,319)</u>	<u>-22.37</u>
Total	\$2,739,879	100.00	\$ 207,541	8.20

Note: Excludes “on behalf” payments, lease purchase acquisitions and capital projects.

The funding formula from the State of New Jersey, Department of Education established the above maximum permitted net budget, dictated the amount of fund balance the district could maintain and reduced the amount of unrestricted state aid received. Within these constraints, the Frenchtown Board of Education provided a thorough and efficient education in alignment with the emerging core curriculum standards.

8) DEBT ADMINISTRATION: At June 30, 2013 the District had outstanding debt issues of \$399,000 at an interest rate of 4.625%.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protect from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted to protect Governmental Units from a loss of Funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr., CPA, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, and the related OMB Circular A-133 New Jersey 04-04 OMB. The auditor’s report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of Frenchtown School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the services of our financial staff.

Respectfully submitted,



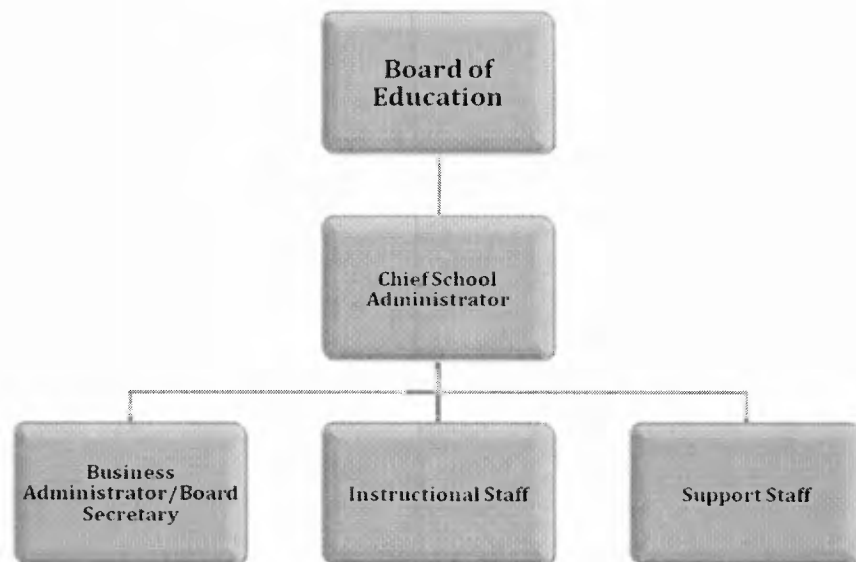
Daria Wasserbach
Superintendent



Teresa E. Barna
Business Administrator/Board Secretary

**FRENCHTOWN ELEMENTARY SCHOOL DISTRICT
EDITH ORT THOMAS ELEMENTARY SCHOOL**

902 Harrison Street
Frenchtown, New Jersey 08825
908-996-2751
908-996-3599 fax



ROSTER OF OFFICIALS JUNE 30, 2014

MEMBERS OF THE BOARD OF EDUCATION TERM EXPIRES

Kate Nugent	President	2015
Teresa Pearson	Vice-President	2014
Laura Buxton		2015
Jennifer Campbell		2016
Dr. Craig Eckel		2014
Laura Einhorn		2016
Amy Musolino		2014

OTHER OFFICIALS

Dr. J. Michael Schilder	Interim Chief School Administrator
Teresa E. Barna	Business Administrator/ Board Secretary
Raymond B. Krov	Treasurer

AUDIT FIRM

William M. Colantano, Jr., CPA
100 Route 31 North
Washington, NJ 07882-530

ATTORNEY

Cleary Giacobbe Alfieri Jacobs, LLC
5 Ravine Drive
Matawan, NJ 07747

OFFICIAL DEPOSITORY

PNC Bank
PO Box 746
Keene, NH 03431

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

October 2, 2014

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Frenchtown Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

William M. Colantano, Jr.


Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

William M. Colantano, Jr.

REQUIRED SUPPLEMENTARY INFORMATION-PART I

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

The discussion and analysis of Frenchtown School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position increased \$200,048 which represents a 9.30% increase from 2013.
- General revenues accounted for \$ 2,822,075 in revenue or 91.04% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$277,602 or 8.96 percent of total revenues of \$3,099,677.
- Total assets of governmental activities increased by \$263,739. As cash and cash equivalents increased by \$290,665, receivables and other assets decreased by \$66,639 and capital assets increased by \$39,713.
- The School District had \$2,899,629 in expenses; only \$277,602 of these expenses was offset by program specific charges, grants or contributions. General revenue (primarily property taxes) of \$ 2,822,075, were adequate to provide for these expenses.
- Among major funds, the General Fund had \$ 2,750,689 in revenues and \$2,737,005 in expenditures. After factoring in transfers to other funds of \$5,531, the General Fund's balance increased \$8,153 over 2013.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Frenchtown School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

one column. In the case of Frenchtown School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's position assets and changes position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Position Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the school district's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extra curricular activities.

- Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

Table 1
Net Position

	6/30/2014	6/30/2013	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$939,449	\$ 716,399	\$223,050	31.13%
Capital Assets	2,144,555	2,105,207	39,348	1.87%
Total Assets	<u>3,084,004</u>	<u>2,821,606</u>	<u>262,398</u>	<u>9.30%</u>
LIABILITIES				
Long Term Liabilities	357,235	509,802	(152,567)	-29.93%
Other Liabilities	376,749	161,832	214,917	132.80%
Total Liabilities	<u>733,984</u>	<u>671,634</u>	<u>62,350</u>	<u>9.28%</u>
NET POSITION				
Net Investment in Capital Assets	1,870,555	1,706,207	164,348	9.63%
Restricted	252,904	116,934	135,970	116.28%
Unrestricted	226,561	326,831	(100,270)	-30.68%
	<u>\$2,350,020</u>	<u>\$2,149,972</u>	<u>\$200,048</u>	<u>9.30%</u>

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

Total assets increased \$262,398. Cash and cash equivalents increased by \$21,701, receivables and other assets increased by \$68,651 and capital assets increased by \$39,348. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$100,270.

Table 2 shows changes in net position for fiscal year 2014

Table 2
Changes on Net Position

	6/30/2014	6/30/2013	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 157,702	\$ 59,312	\$ 98,390	165.89%
Operating Grants	119,900	91,520	28,380	31.01%
General Revenues:				
Property Taxes	1,849,388	1,812,078	37,310	2.06%
Unrestricted Grants	972,029	1,025,587	(53,558)	-5.22%
Other	658	8,327	(7,669)	-92.10%
Total Revenues	3,099,677	2,996,824	102,853	3.43%
PROGRAM EXPENSES				
Instruction:				
Regular	1,259,721	1,262,847	(3,126)	-0.25%
Special	440,745	456,363	(15,618)	-3.42%
Other	77,647	23,354	54,293	232.48%
Support Services:				
Tuition	1,822	16,250	(14,428)	-88.79%
Student & Instructional Staff	388,465	412,028	(23,563)	-5.72%
General & Business Administration	206,275	161,111	45,164	28.03%
School Administration	82,622	73,510	9,112	12.40%
Maintenance	287,846	276,299	11,547	4.18%
Transportation	55,282	49,144	6,138	12.49%
Food Service	69,869	65,516	4,353	6.64%
Interest on Long Term Debt	29,335	30,427	(1,092)	-3.59%
Total Expenses	2,899,629	2,826,849	72,780	2.57%
Increase (Decrease) in Net Position	\$200,048	\$169,975	\$30,073	17.69%

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 60.88 percent of revenues for governmental activities for the Frenchtown School District for fiscal year 2014.

Instruction comprises 61.32 percent of district expenses. Support service expenses make up 37.67 percent of the expenses and interest on long-term debt comprises 1.01% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3
COST OF GOVERNMENTAL SERVICES

	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Instruction	\$1,778,113	\$1,742,564	\$1,595,274	\$1,682,724
Support Services:				
Tuition	1,822	16,250	1,822	7,347
Student & Instructional Staff	388,465	412,028	369,421	389,248
General & Business Administration	206,275	161,111	192,938	161,111
School Administration	82,622	73,510	82,622	73,510
Plant Operations & Maintenance	287,846	276,299	287,486	276,299
Pupil Transportation	55,282	49,144	55,282	49,144
Food Services	69,869	65,516	7,847	6,207
Interest on Long-Term Debt	29,335	30,427	29,335	30,427
	<u>\$2,899,629</u>	<u>\$2,826,849</u>	<u>\$2,622,027</u>	<u>\$2,676,017</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities, as provided by State law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities, local tax revenue support is 59.66 percent. The community, as a whole, is the primary support for the Frenchtown Public School District.

The Schools District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$2,943,555 and expenditures of \$2,737,005. The positive change in fund balance for the year was most significant in the General Fund, an increase of \$8,153.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2014, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budget basis revenue was \$50,790, over the original budgeted estimates of \$2,461,756. This difference was due primarily to additional tuition revenue realized over original estimates.

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

Capital Assets

At the end of the fiscal year 2014, the School District had \$2,144,555 invested in land, building, furniture and equipment and vehicles. Table 4 shows fiscal year 2014 compared to 2013.

TABLE 4
CAPITAL ASSETS (NET OF DEPRECIATION)

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>VARIANCE</u> <u>Dollars</u>	<u>Percent</u>
Land	\$69,500	\$69,500		
Construction in Progress		7,664	\$(7,664)	-100.00%
Land Improvements	3,547	4,192	(645)	-15.39%
Buildings & Improvements	2,001,004	1,948,556	52,448	2.69%
Machinery & Equipment	<u>70,504</u>	<u>75,295</u>	<u>(4,791)</u>	-6.36%
	<u>\$2,144,555</u>	<u>\$2,105,207</u>	<u>\$39,348</u>	1.87%

Overall capital assets increased \$39,348 from fiscal year 2013 to fiscal year 2014. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

Long-term Liabilities

At June 30, 2014, the School District had \$357,235 of long-term liabilities. This amount is detailed in Table 5 below.

At June 30, 2014, the School District's overall legal debt margin was \$4,765,597 and the unvoted debt margin was \$4,491,597.

TABLE 5
OUTSTANDING DEBT AT YEAR END

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>VARIANCE</u> <u>Dollars</u>	<u>Percent</u>
2001 General Obligation Bonds	\$274,000	\$399,000	\$(125,000)	-31.33%
Compensated Absences	<u>83,235</u>	<u>\$110,802</u>	<u>(27,567)</u>	-24.88%
	<u>\$357,235</u>	<u>\$509,802</u>	<u>\$(152,567)</u>	-29.93%

Management's Discussion and Analysis for the
Fiscal Year Ended June 30, 2014
Unaudited

For the Future

The Frenchtown District is in good financial condition presently. The school district is proud of its community support of the public school. A major concern is increased reliance on local property taxes.

Frenchtown Borough is primarily a residential community, with very few commercial ratables; thus a large part of the tax burden is borne by homeowners.

The Frenchtown Board of Education and Administration are acutely aware of this burden on the community and have sought alternate revenue sources. The District has actively sought tuition students in both its Preschool and Elementary programs. It has also sought out shared services opportunities with other local districts and are currently sharing staff (Business Administrator, World Language Teacher and Music Teacher), and services (satellite food service, broad band access, transportation). It also actively participated in bids for supplies, energy and communication services.

In conclusion, the Frenchtown District has committed itself to financial excellence for many years. In addition, the school district's system for financial planning, budgeting, and internal financial controls are well regarded. The school district plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact: Teresa E. Barna, School Business Administrator, Frenchtown School District, 902 Harrison, St., Frenchtown, NJ 08825 (908) 996-2751.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 576,467	\$ 13,399	\$ 589,866
Receivables, Net	79,898	2,397	82,295
Inventory		2,194	2,194
Restricted Assets:			
Cash & Cash Equivalents	265,094		265,094
Capital Assets (Note 4):			
Land & Construction in Progress	69,500		69,500
Other Capital Assets, Net of Depreciation	2,073,412	1,643	2,075,055
Total Assets	<u>3,064,371</u>	<u>19,633</u>	<u>3,084,004</u>
LIABILITIES			
Accounts Payable	168,286	2,807	171,093
Accrued Interest	4,224		4,224
Payable to Governments	181,455		181,455
Unearned Revenue	18,606	1,371	19,977
Long-Term Liabilities (Note 5):			
Due Within One Year	159,332		159,332
Due Beyond One Year	197,903		197,903
Total Liabilities	<u>729,806</u>	<u>4,178</u>	<u>733,984</u>
NET POSITION			
Net Investment in Capital Assets	1,868,912	1,643	1,870,555
Restricted For:			
Debt Service	4,810		4,810
Capital Reserve	223,094		223,094
Maintenance Reserve	25,000		25,000
Unrestricted	<u>212,749</u>	<u>13,812</u>	<u>226,561</u>
TOTAL NET POSITION	<u>\$ 2,334,565</u>	<u>\$ 15,455</u>	<u>\$ 2,350,020</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business- Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 1,081,756	\$ 177,965	\$ 102,471	\$ 18,418		\$ (1,138,832)		\$ (1,138,832)
Special Education	370,204	70,541		40,573		(400,172)		(400,172)
Other Special Instruction	31,724	8,841		21,377		(19,188)		(19,188)
Other Instruction	34,424	2,658				(37,082)		(37,082)
Support Services:								
Tuition	1,822					(1,822)		(1,822)
Students & Instruction Related Services	337,852	50,613		19,044		(369,421)		(369,421)
General & Business Administration Services	184,165	22,110	13,337			(192,938)		(192,938)
School Administration Services	71,804	10,818				(82,622)		(82,622)
Plant Operations & Maintenance	283,092	4,754	360			(287,486)		(287,486)
Pupil Transportation	54,941	341				(55,282)		(55,282)
Interest on Long-Term Debt	29,335					(29,335)		(29,335)
Total Governmental Activities	<u>2,481,119</u>	<u>348,641</u>	<u>116,168</u>	<u>99,412</u>	<u>\$ -</u>	<u>(2,614,180)</u>	<u>\$ -</u>	<u>(2,614,180)</u>
Business-Type Activities:								
Food Service	69,869		41,534	20,488			(7,847)	(7,847)
Total Business-Type Activities	<u>69,869</u>	<u>-</u>	<u>41,534</u>	<u>20,488</u>	<u>-</u>	<u>-</u>	<u>(7,847)</u>	<u>(7,847)</u>
Total Primary Government	<u>\$ 2,550,988</u>	<u>\$ 348,641</u>	<u>\$ 157,702</u>	<u>\$ 119,900</u>	<u>\$ -</u>	<u>(2,614,180)</u>	<u>(7,847)</u>	<u>(2,622,027)</u>
General Revenues, Transfers & Special Items								
Property Taxes Levied for General Purposes						1,705,934		1,705,934
Property Taxes Levied for Debt Service						143,454		143,454
Federal & State Aid Not Restricted						972,029		972,029
Investment Earnings						455	4	459
Miscellaneous Income						199		199
Transfers						(5,531)	5,531	
Total General Revenues and Special Items						<u>2,816,540</u>	<u>5,535</u>	<u>2,822,075</u>
Change in Net Position						202,360	(2,312)	200,048
Net Position-Beginning						2,132,205	17,767	2,149,972
Net Position-Ending						<u>\$ 2,334,565</u>	<u>\$ 15,455</u>	<u>\$ 2,350,020</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 432,674	\$ 138,983		\$ 4,810	\$ 576,467
Receivables from Other Governments:					
State	7,010				7,010
Federal		64,883			64,883
Local	280				280
Other Receivables	6,875	850			7,725
Restricted Cash & Equivalents	265,094				265,094
TOTAL ASSETS	<u>\$ 711,933</u>	<u>\$ 204,716</u>	<u>\$ -</u>	<u>\$ 4,810</u>	<u>\$ 921,459</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 158,291	\$ 9,995			\$ 168,286
Payables to Other Governments:					
State		181,435			181,435
Local	20				20
Unearned Revenue	5,320	13,286			18,606
Total Liabilities	<u>\$ 163,631</u>	<u>\$ 204,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,347</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	\$ 16,187				\$ 16,187
Committed Fund Balance:					
Capital Reserve Account	223,094				223,094
Maintenance Reserve Account	25,000				25,000
Assigned Fund Balance:					
Year End Encumbrances	75,305				75,305
Designated for Subsequent Year's Expenditures	29,712				29,712
Debt Service Fund				\$ 4,810	4,810
Unassigned Fund Balance	179,004				179,004
Total Fund Balances	548,302	\$ -	\$ -	4,810	553,112
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 711,933</u>	<u>\$ 204,716</u>	<u>\$ -</u>	<u>\$ 4,810</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets
(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore
are not reported in the funds. The cost of the assets is
and the accumulated depreciation is

\$ 3,336,797
1,193,885

2,142,912

Long-term liabilities, including bonds payable, are not due & payable in the current period
& therefore are not reported as liabilities in the funds

(357,235)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as
an expenditure when due.

(4,224)

Total Net Assets of Governmental Activities

\$ 2,334,565

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,705,934			\$ 143,454	\$ 1,849,388
Tuition from Individuals	72,072				72,072
Interest on Investments	455				455
Miscellaneous	199				199
Total	1,778,660	\$ -	\$ -	143,454	1,922,114
State Sources	972,029	19			972,048
Federal Sources		99,393			99,393
Total Revenues	2,750,689	99,412	-	143,454	2,993,555
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	1,055,325	18,418			1,073,743
Special Education Instruction	364,369	27,744			392,113
Other Special Instruction	17,099	14,625			31,724
Other Instruction	34,424				34,424
Support Service & Undistributed Costs:					
Tuition	1,822				1,822
Student & Instruction Related Services	318,808	19,044			337,852
General & Business Administrative Services	170,828				170,828
School Administrative Services	71,804				71,804
Plant Operations & Maintenance	282,430				282,430
Pupil Transportation	49,360				49,360
Unallocated Benefits	259,575	12,907			272,482

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 98,353	\$ 6,674			\$ 105,027
Debt Service:					
Principal				\$ 125,000	125,000
Interest & Other Charges	12,808			18,454	31,262
Total Expenditures	<u>2,737,005</u>	<u>\$ 99,412</u>	<u>\$ -</u>	<u>143,454</u>	<u>2,979,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,684	-	-	-	13,684
Other Financing Sources (Uses):					
Operating Transfers In (Out)	<u>(5,531)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,531)</u>
Net Change in Fund Balance	8,153	-	-	-	8,153
Fund Balances, July 1	<u>540,149</u>	<u>-</u>	<u>-</u>	<u>4,810</u>	<u>544,959</u>
Fund Balances, June 30	<u>\$ 548,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,810</u>	<u>\$ 553,112</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$ 8,153
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:	
Capital Outlays	\$ 105,027
Depreciation Expense	<u>(65,314)</u>
	39,713
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:	
Bond Principal Payments	125,000
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	
	27,567
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	
	<u>1,927</u>
Change in Net Position of Governmental Activities	<u>\$ 202,360</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Food Service Total
Current Assets:	
Current Assets:	
Cash & Cash Equivalents	\$ 13,399
Receivables from Other Governments:	
State	54
Federal	823
Other	1,520
Inventory	2,194
Total Current Assets	<u>17,990</u>
Noncurrent Assets:	
Capital Assets	27,228
Less: Accumulated Depreciation	<u>25,585</u>
Total Noncurrent Assets	<u>1,643</u>
Total Assets	<u>19,633</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	2,807
Unearned Revenues	<u>1,371</u>
Total Liabilities	<u>4,178</u>
NET POSITION	
Net Investment in Capital Assets	1,643
Unrestricted	<u>13,812</u>
TOTAL NET POSITION	<u>\$ 15,455</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Total
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 15,151
Daily Sales-Nonreimbursable Programs	4,850
Satellite Sales	21,533
Total Operating Revenues	<u>41,534</u>
Other Expenses:	
Costs of Sales (Not Including Commodity Food)	24,457
Commodity Food Cost	8,013
Salaries	23,802
Employee Benefits	4,050
Insurance	619
Management Fee	6,240
Other Purchased Services	2,323
Depreciation	365
Total Operating Expenses	<u>69,869</u>
Operating Income (Loss)	<u>(28,335)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	473
Federal Sources:	
National School Lunch Program:	
Cash Assistance	11,442
Non-Cash Assistance (Commodities)	8,013
National School Breakfast Program	560
Interest Earned on Investments	4
Total Nonoperating Revenues (Expenses)	<u>20,492</u>
Other Financing Sources:	
Operating Transfer In	<u>5,531</u>
Change in Net Position	(2,312)
Net Position, Beginning	<u>17,767</u>
Net Position, Ending	<u><u>\$ 15,455</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Food Service Total
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 40,944
Payments to Food Services Management Co	(55,049)
Payments to Employees and Vendors	(5,639)
Net Cash Provided by (Used For) Operating Activities	(19,744)
Cash Flows from Noncapital Financing Activities:	
State Sources	438
Federal Sources	11,798
Operating Transfer In	5,531
Net Interfund Transactions	3,009
Net Cash Provided by (Used For) Noncapital Financing Activities	20,776
Cash Flows from Investing Activities:	
Interest Earned on Investments	4
Net Cash Provided by (Used For) Investing Activities	4
Net Increase (Decrease) in Cash and Cash Equivalents	1,036
Cash and Cash Equivalents, July 1, 2013	12,363
Cash and Cash Equivalents, June 30, 2014	\$ 13,399
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (28,335)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	365
Federal Food Donation Program	8,013
(Increase) Decrease in Accounts Receivable	(589)
(Increase) Decrease in Inventory	(169)
Increase (Decrease) in Unearned Revenue	345
Increase (Decrease) in Accounts Payable	626
Net Cash Provided by (Used For) Operating Activities	\$ (19,744)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 40,080	\$ 30,953	\$ 16,818
Due from Other Funds	299		
TOTAL ASSETS	<u>40,379</u>	<u>30,953</u>	<u>16,818</u>
LIABILITIES			
Accounts Payable	109		
Due to Other Funds			299
Due to Student Groups		30,953	
Payroll Deductions & Withholdings			16,519
TOTAL LIABILITIES	<u>109</u>	<u>\$ 30,953</u>	<u>\$ 16,818</u>
NET POSITION	<u>\$ 40,270</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 2,976
Investment Earnings-Interest	23
Total Additions	<u>2,999</u>
DEDUCTIONS	
Unemployment Claims	<u>375</u>
Change in Net Position	2,624
Net Position, Beginning of the Year	<u>37,646</u>
Net Position, End of the Year	<u><u>\$ 40,270</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Frenchtown Borough School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2014 of approximately 138 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years
Busses	8 Years

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the “Benefit Reimbursement Method.”

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2014 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal yearend as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2013-2014 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Vehicles	4 to 8
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Unearned Revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Fund Balances-Governmental Funds (cont'd)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2014 appear in the financial statements as summarized below:

Cash		\$ <u>942,811</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 841,561
Enterprise Fund, Statement of Net Position	B-4	13,399
Fiduciary Funds, Statement of Net Position	B-7	<u>87,851</u>
Total Cash		\$ <u>942,811</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2014 is \$942,811 and the bank balance is \$970,415. Of the bank balance, \$250,000 is covered by federal depository insurance and \$720,415 is insured by GUDPA.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2014, the district had no investments

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 69,500			\$ 69,500
Construction in Progress	7,664	\$ 98,353	\$ 106,017	
Total	<u>77,164</u>	<u>98,353</u>	<u>106,017</u>	<u>69,500</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Being				
Depreciated:				
Land Improvements	\$ 50,600			\$ 50,600
Building & Improvements	2,868,727	\$ 106,017		2,974,744
Furniture & Equipment	235,279	6,674		241,953
Total	<u>3,154,606</u>	<u>112,691</u>	<u>\$ -0-</u>	<u>3,267,297</u>
Accumulated Depreciation:				
Land Improvements	46,408	645		47,053
Building & Improvements	920,171	53,569		973,740
Furniture & Equipment	161,992	11,100		173,092
Total	<u>1,128,571</u>	<u>65,314</u>	<u>-0-</u>	<u>1,193,885</u>
Total Capital Assets, Being				
Depreciated, Net	<u>2,026,035</u>	<u>47,377</u>	<u>-0-</u>	<u>2,073,412</u>
Transfers	<u>-0-</u>	<u>(106,017)</u>	<u>(106,017)</u>	<u>-0-</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 2,103,199</u>	<u>\$ 39,713</u>	<u>\$ -0-</u>	<u>\$ 2,142,912</u>
Business-Type Activities:				
Furniture & Equipment	\$ 27,228			\$ 27,228
Less: Accum Depreciation	<u>25,220</u>	<u>\$ 365</u>		<u>25,585</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 2,008</u>	<u>\$ (365)</u>	<u>\$ -0-</u>	<u>\$ 1,643</u>
Depreciation expense was charged to governmental functions in the current year as follows:				
Instruction:				
Regular	\$ 29,965			
Special Education	11,420			
Other Special Instruction	885			
Other Instruction	961			
Support Services:				
Student & Instruction	9,429			
General & Business Admin	4,767			
School Administration	2,004			
Transportation	302			
Plant & Maintenance	5,581			
Total Depreciation Expense,				
Governmental Activities	<u>\$ 65,314</u>			

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2014 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 399,000		\$ 125,000	\$ 274,000	\$ 135,000
Compensated Absences Payable	<u>110,802</u>	<u>\$ 17,205</u>	<u>44,772</u>	<u>83,235</u>	<u>24,332</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 509,802</u>	<u>\$ 17,205</u>	<u>\$ 169,772</u>	<u>\$ 357,235</u>	<u>\$ 159,332</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2014 including interest payments are listed as follows:

<u>Year Ending June 30, _____</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 135,000	\$ 12,673	\$ 147,673
2016	<u>139,000</u>	<u>6,429</u>	<u>145,429</u>
Total	<u>\$ 274,000</u>	<u>\$ 19,102</u>	<u>\$ 293,102</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds payable at June 30, 2014, with their outstanding balances are comprised of the following individual issues:

\$1,439,000 - 2001 general obligation school building bonds, due in annual installments of \$75,000 to \$139,000, beginning March 1, 2003, through March 1, 2016, interest at 4.625%	<u>\$ 274,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2014 is \$4,765,597. General obligation debt at June 30, 2014 is \$274,000, resulting in a legal debt margin of \$4,491,597.

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pension and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (Cont'd)

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation (Cont'd)

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2012 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2012 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/13	\$ 156,203	100%
06/30/13	182,231	100%
06/30/12	152,307	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/13	\$ 19,992	100%
06/30/13	19,957	100%
06/30/12	19,871	100%

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

Contribution Requirements (Cont'd)

During the year ended June 30, 2014, the State of New Jersey contributed \$97,030 to the TPAF for post-retirement medical benefits, \$4,800 for non-contributory insurance premiums and \$54,378 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$83,784 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2013, the State paid \$173.8 million toward Ch 126 benefits for 17,356 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Plan Description (cont'd)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Equitable
Vanguard

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2014 is as follows:

Fund	Receivable Fund	Payable Fund
Unemployment Compensation Fund	\$ 299	
Payroll Agency Fund		\$ 299
	<u>\$ 299</u>	<u>\$ 299</u>

The balance due from the Payroll Agency Fund to the Unemployment Compensation Fund of \$299 represents employee withholdings for the unemployment trust not yet transferred at year end

All interfund balances should be liquidated within one year.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2014 consisted of the following:

Food	\$ 1,906
Supplies	<u>288</u>
	<u>\$ 2,194</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ -0-	\$ 23	\$ 2,976	\$ 375	\$ 40,270
2012-2013	-0-	31	3,016	2,890	37,646
2011-2012	26,650	58	2,674	15,792	37,489

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$1 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 13. LEGAL RESERVE ACCOUNTS (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$50,000 to their Capital Reserve account and \$50,000 to their Maintenance Reserve Account by board resolution in June 2014 as summarized in the following schedule.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this statute, the District deposited \$110,920 to the Capital Reserve Account, \$25,000 by board resolution in June 2014 as summarized in the following schedule.

The following is a summarization of the Legal Reserve Accounts for the Current year.

Type	Beginning Balance	District Contribution	Interest Earnings	Return of Unused With- drawal	With- drawal	Ending Balance
Capital	\$ 112,124	\$ 110,970				\$ 223,097
Maintenance		25,000				25,000
Totals	<u>\$ 112,124</u>	<u>\$ 135,970</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 248,094</u>

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Balances may be reserved or designated. An analysis of the General Fund Balance on June 30, 2014 and 2013 is as follows:

	2014	2013
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the District's Long Range Facilities Plan	\$ 223,094	\$ 112,124
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (18A:76-9)	25,000	
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	16,187	

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)

	<u>2014</u>	<u>2013</u>
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	\$ 75,305	\$ 218,474
Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	29,712	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>251,014</u>	<u>279,712</u>
Total Fund Balance	<u>\$ 620,312</u>	<u>\$ 610,310</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$-0-.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 2, 2014, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68". This statement, which is effective for fiscal periods beginning after June 30, 2014, is not expected to have an effect on the District's financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,705,934		\$ 1,705,934	\$ 1,705,934	
Tuition from Individuals	22,450		22,450	72,072	\$ 49,622
Interest on Investments				455	455
Interest Earned on Capital Reserve Funds	200		200		(200)
Other Restricted Miscellaneous Revenues	300		300		(300)
Unrestricted Miscellaneous Revenues				199	199
Total	<u>1,728,884</u>	<u>\$ -</u>	<u>1,728,884</u>	<u>1,778,660</u>	<u>49,776</u>
State Sources:					
Categorical Special Education Aid	85,703		85,703	85,703	
Equalization Aid	508,039		508,039	508,039	
Categorical Security Aid	3,251		3,251	3,251	
Categorical Transportation Aid	457		457	457	
School Choice Aid	135,422		135,422	135,422	
Nonpublic School Transportation Aid				1,014	1,014
On-Behalf TPAF Pension Contributions				59,178	59,178
On-Behalf TPAF Post Retirement Medical Benefits				97,030	97,030
Reimbursed TPAF Social Security Contribution				83,784	83,784
Total	<u>732,872</u>	<u>-</u>	<u>732,872</u>	<u>973,878</u>	<u>241,006</u>
TOTAL REVENUES	<u>\$ 2,461,756</u>	<u>\$ -</u>	<u>\$ 2,461,756</u>	<u>\$ 2,752,538</u>	<u>\$ 290,782</u>
EXPENDITURES					
Current:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Kindergarten	\$ 72,248	\$ 673	\$ 72,921	\$ 72,921	
Grades 1-5	384,391	53,715	438,106	438,106	
Grades 6-8	264,313	13,306	277,619	277,619	
Home Instruction:					
Salaries of Teachers	1,000	(726)	274	274	
Undistributed Instruction:					
Purchased Professional-Educational Services	28,321	(28,321)			
Purchased Technical Services		10,000	10,000	10,000	
Other Purchased Services	31,732	31,220	62,952	22,952	\$ 40,000
General Supplies	75,519	(2,048)	73,471	72,272	1,199
Textbooks	33,628	(24,264)	9,364	9,364	
Other Objects	4,550	(2,233)	2,317	2,317	
Total	<u>895,702</u>	<u>51,322</u>	<u>947,024</u>	<u>905,825</u>	<u>41,199</u>
Special Education:					
Behavioral Disabilities:					
Salaries of Teachers	84,844	(84,844)			
Other Salaries for Instruction	15,639	(15,639)			
Other Purchased Services	250	(250)			
General Supplies	1,000	(1,000)			
Total	<u>101,733</u>	<u>(101,733)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource Room/Center:					
Salaries of Teachers	72,855	108,086	180,941	180,941	
Other Salaries for Instruction	30,563	(9,050)	21,513	21,161	352
Other Purchased Services	250	(250)			
General Supplies	750	(750)			
Textbooks	250	(250)			
Total	<u>104,668</u>	<u>97,786</u>	<u>202,454</u>	<u>202,102</u>	<u>352</u>
Preschool Disabilities-Part-Time:					
Salaries of Teachers	32,433	14,698	47,131	47,131	
Other Salaries for Instruction	25,101	19,755	44,856	44,856	
Other Purchased Services	200	(200)			
General Supplies	500	410	910	910	
Total	<u>58,234</u>	<u>34,663</u>	<u>92,897</u>	<u>92,897</u>	<u>-</u>
Total Special Education	<u>264,635</u>	<u>30,716</u>	<u>295,351</u>	<u>294,999</u>	<u>352</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 15,964	\$ (13,947)	\$ 2,017	\$ 2,017	
Other Salaries for Instruction		15,082	15,082	15,082	
General Supplies	250	(250)			
Total	<u>16,214</u>	<u>885</u>	<u>17,099</u>	<u>17,099</u>	<u>\$ -</u>
School Sponsored Co-Curricular Activities:					
Salaries	12,061	19,056	31,117	31,117	
Supplies and Materials		36	36	36	
Total	<u>12,061</u>	<u>19,092</u>	<u>31,153</u>	<u>31,153</u>	<u>-</u>
School Sponsored Athletics:					
Salaries	9,828	(2,056)	7,772		7,772
Purchased Services	3,890		3,890	2,505	1,385
Supplies & Materials	1,500		1,500	85	1,415
Total	<u>15,218</u>	<u>(2,056)</u>	<u>13,162</u>	<u>2,590</u>	<u>10,572</u>
Total Instruction Regular	<u>\$ 1,203,830</u>	<u>\$ 99,959</u>	<u>\$ 1,303,789</u>	<u>\$ 1,251,666</u>	<u>\$ 52,123</u>
Undistributed Expenditures					
Instruction Tuition:					
Private School for the Disabled Within the State	\$ 3,000		\$ 3,000	\$ 1,822	\$ 1,178
Total	<u>3,000</u>	<u>\$ -</u>	<u>3,000</u>	<u>1,822</u>	<u>1,178</u>
Health Services:					
Salaries	57,277	1,320	58,597	58,597	
Purchased Professional & Technical Svcs	1,100	430	1,530	1,480	50
Supplies & Materials	2,069	119	2,188	2,188	
Total	<u>60,446</u>	<u>1,869</u>	<u>62,315</u>	<u>62,265</u>	<u>50</u>
Speech, OT, PT & Related Services:					
Salaries	27,096	4,909	32,005	31,770	235
Purchased Professional-Educational Services	1,378		1,378		1,378
Supplies & Materials	1,500	(1,500)			
Total	<u>29,974</u>	<u>3,409</u>	<u>33,383</u>	<u>31,770</u>	<u>1,613</u>
Guidance:					
Salaries of Other Professional Staff	21,991	1,642	23,633	23,633	
Supplies & Materials	250	(250)			
Total	<u>22,241</u>	<u>1,392</u>	<u>23,633</u>	<u>23,633</u>	<u>-</u>
Child Study Team:					
Salaries of Other Professional Staff	82,815	23,457	106,272	57,579	48,693
Salaries of Secretarial & Clerical Assistants	39,391	493	39,884	39,884	
Purchased Professional-Educational Services	1,000	(1,000)			
Miscellaneous Purchased Services	500	(500)			
Supplies & Materials	1,500	(1,288)	212	179	33
Total	<u>125,206</u>	<u>21,162</u>	<u>146,368</u>	<u>97,642</u>	<u>48,726</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Improvement of Instruction:					
Salaries of Supervisor of Instruction	\$ 23,929	\$ (23,929)	\$ -	\$ -	\$ -
Educational Media Services/School Library:					
Salaries	33,152	(4,129)	29,023	28,934	89
Purchased Professional & Technical Services	5,420	(185)	5,235	5,235	
Other Purchased Services	8,400	(3,000)	5,400	4,874	526
Supplies & Materials	3,800	3,529	7,329	6,804	525
Total	50,772	(3,785)	46,987	45,847	1,140
Instructional Staff Training Services:					
Purchased Professional-Educational Services	10,489	(6,364)	4,125	4,069	56
Total	10,489	(6,364)	4,125	4,069	56
Support Services-General Administration:					
Salaries	37,894	7,503	45,397	45,397	
Legal Services	3,000	177	3,177	3,177	
Audit Fees	11,750	300	12,050	12,050	
Board of Education Other Purchased Services	720	(720)			
Miscellaneous Purchased Services	1,000	4,266	5,266	5,266	
General Supplies	200	127	327	327	
Board of Education In-House Training/Meeting Supplies	100	(100)			
Miscellaneous Expenditures	3,525	(1,155)	2,370	2,370	
Board of Education Membership Dues and Fees	3,100	(639)	2,461	2,461	
Total	61,289	9,759	71,048	71,048	-
Support Services-School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	35,894	5,432	41,326	41,326	
Salaries of Secretarial & Clerical Assistants	18,066	30	18,096	18,096	
Supplies & Materials	200	(200)			
Total	54,160	5,262	59,422	59,422	-
Central Services:					
Salaries	47,707	8,742	56,449	56,449	
Purchased Professional Services	1,900	14,185	16,085	16,085	
Purchased Technical Services	6,000	(6,000)			
Miscellaneous Purchased Services	4,756	(2,063)	2,693	2,693	
Supplies & Materials	100	858	958	958	
Total	60,463	15,722	76,185	76,185	-
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	38,060	302	38,362	20,846	17,516
Custodial Services:					
Salaries	66,989	4,016	71,005	71,005	
Purchased Professional and Technical Services	2,700	9,995	12,695	12,450	245
Cleaning, Repair & Maintenance Services	2,876	(100)	2,776	1,339	1,437
Other Purchased Property Services	8,375	(1,495)	6,880	6,231	649
Insurance	22,006	(4,951)	17,055	17,055	
Miscellaneous Purchased Services	300	(300)			
General Supplies	15,750	(908)	14,842	11,864	2,978
Energy (Natural Gas)	2,000	-	2,000	1,036	964
Energy (Electricity)	37,200	(9,016)	28,184	27,587	597
Energy (Oil)	100,994	(40,522)	60,472	54,779	5,693
Total	259,190	(43,281)	215,909	203,346	12,563
Care and Upkeep of Grounds:					
Salaries	15,000	1,169	16,169	16,169	-

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 4,783	\$ 1,810	\$ 6,593	\$ 6,251	\$ 342
Salaries for Pupil Trans (Betw Home & Sch)-Sp Ed	10,898		10,898	10,894	4
Salaries for Pupil Trans (Other than Btw Home & Sch)	7,663		7,663	5,275	2,388
Cleaning, Repair & Maintenance Services	1,718	3,350	5,068	5,056	12
Lease Purchase Payments-School Buses	9,530	(9,530)			
Contract Svc (Other than Btw Home & Sch)-Vendor	2,000		2,000	1,744	256
Contract Svc (Regular Students)-ESCs & CTSAs	1,000		1,000		1,000
Contract Svc (Special Educ Students)-ESCs & CTSAs	4,500	(1,000)	3,500	1,500	2,000
Contract Svc-Aid in Lieu Payments-Non Public School	1,800	852	2,652	2,652	
Contract Svc-Aid in Lieu Payments-Choice Schools	6,300	(1,852)	4,448	2,000	2,448
Miscellaneous Purchased Services-Transportation	500	(140)	360		360
General Supplies	4,500	(1,350)	3,150	2,381	769
Total	55,192	(7,860)	47,332	37,753	9,579
Allocated Benefits-Employee:					
Regular Programs:					
Social Security Contributions	3,669		3,669	3,669	
Other Retirement Contributions-PERS	4,540	(2,052)	2,488	2,488	
Other Retirement Contributions-Regular	20,795	(20,795)			
Unemployment Compensation	5,000	(5,000)			
Workmen's Compensation	10,081		10,081	10,081	
Health Benefits	195,532	(64,642)	130,890	130,890	
Tuition Reimbursement	1,800	72	1,872	1,872	
Other Employee Benefits		500	500	500	
Total	241,417	(91,917)	149,500	149,500	-
Special Programs:					
Social Security Contributions	4,455		4,455	4,455	
Other Retirement Contributions-PERS	5,572	(2,640)	2,932	2,932	
Other Retirement Contributions-Regular	20,795	(20,795)			
Workmen's Compensation	3,404		3,404	3,404	
Health Benefits	62,528	(1,787)	60,741	58,579	2,162
Total	96,754	(25,222)	71,532	69,370	2,162
Other Instructional Programs:					
Social Security Contributions	681		681	681	
Total	681	-	681	681	-
Health Services:					
Workmen's Compensation	632		632	632	
Health Benefits	15,025	(749)	14,276	13,954	322
Total	15,657	(749)	14,908	14,586	322
Speech, OT, PT & Related Services:					
Workmen's Compensation	688		688	688	
Health Benefits	1,000		1,000	1,000	
Total	1,688	-	1,688	1,688	-

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Allocated Benefits-Employee: (cont'd)					
Child Study Team:					
Social Security Contributions	\$ 5,614		\$ 5,614	\$ 5,614	
Other Retirement Contributions-PERS	4,780		4,780	4,780	
Workmen's Compensation	794		794	794	
Health Benefits	15,634	\$ (4,552)	11,082	10,725	\$ 357
Other Employee Benefits	1,860	8	1,868	1,868	
Total	28,682	(4,544)	24,138	23,781	357
Educational Media Services/School Library:					
Workmen's Compensation	301		301	301	
Health Benefits	14,225	(565)	13,660	13,226	434
Total	14,526	(565)	13,961	13,527	434
Support Services-General Administration:					
Social Security Contributions	408	(408)			
Workmen's Compensation	220		220	220	
Health Benefits	7,018		7,018	7,018	
Total	7,646	(408)	7,238	7,238	-
Support Services-School Administration:					
Social Security Contributions	408		408	408	
Other Retirement Contributions-PERS	775		775	775	
Workmen's Compensation	199		199	199	
Health Benefits	7,057	3,943	11,000	11,000	
Total	8,439	3,943	12,382	12,382	-
Central Services:					
Social Security Contributions	256	500	756	756	
Other Retirement Contributions-PERS	1,034		1,034	1,034	
Workmen's Compensation	575		575	575	
Health Benefits	14,022	(30)	13,992	13,992	
Total	15,887	470	16,357	16,357	-
Other Operation & Maintenance of Plant Services:					
Social Security Contributions	7,015		7,015	7,015	
Other Retirement Contributions-PERS	5,686		5,686	5,686	
Workmen's Compensation	2,276		2,276	2,276	
Health Benefits	29,984	(1,971)	28,013	26,792	1,221
Other Employee Benefits		300	300	300	
Total	44,961	(1,671)	43,290	42,069	1,221
Student Transportation Services:					
Social Security Contributions	1,531		1,531	1,531	
Other Retirement Contributions-PERS	8,585	(810)	7,775	4,585	3,190
Workmen's Compensation	1,095		1,095	72	1,023
Health Benefits	6,373		6,373	5,419	954
Total	17,584	(810)	16,774	11,607	5,167
Total Allocated Benefits	493,922	(121,473)	372,449	362,786	9,663
Unallocated Benefits					
Social Security Contributions		23,500	23,500	19,383	4,117
Other Retirement Contributions-PERS		3,000	3,000	200	2,800
Total	-	26,500	26,500	19,583	6,917

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Food Services:					
Transfer to Cover Deficit-(Enterprise Fund)	\$ 9,722	\$ (9,722)	\$ -	\$ -	\$ -
On-Behalf TPAF Pension Contributions				59,178	(59,178)
On-Behalf TPAF Post Retirement Medical Benefits				97,030	(97,030)
Reimbursed TPAF Social Security Contribution				83,784	(83,784)
Total	-	-	-	239,992	(239,992)
Total Undistributed Expenditures	\$ 1,373,055	\$ (129,868)	\$ 1,243,187	\$ 1,374,178	\$ (130,991)
TOTAL CURRENT	\$ 2,576,885	\$ (29,909)	\$ 2,546,976	\$ 2,625,844	\$ (78,868)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction	\$ 88,610	\$ (88,610)			
Undistributed Expenditures-Central Services		12,170	\$ 12,170		\$ 12,170
Facilities Acquisition & Construction Services:					
Other Purchased Prof and Tech Services	1,726		1,726	\$ 1,726	
Construction Services		96,627	96,627	96,627	
Assessment for Debt Service on SDA Funding	12,808		12,808	12,808	
TOTAL CAPITAL OUTLAY	\$ 103,144	\$ 20,187	\$ 123,331	\$ 111,161	\$ 12,170
TOTAL EXPENDITURES	\$ 2,680,029	\$ (9,722)	\$ 2,670,307	\$ 2,737,005	\$ (66,698)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (218,273)	\$ 9,722	\$ (208,551)	\$ 15,533	\$ 224,084
Other Financing Sources (Uses)					
Operating Transfer Out-Food Service Fund		(9,722)	(9,722)	(5,531)	4,191
Total Other Financing Sources (Uses)	-	(9,722)	(9,722)	(5,531)	4,191
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(218,273)		(218,273)	10,002	228,275
Fund Balances, July 1	610,310		610,310	610,310	
Fund Balances, June 30	\$ 392,037	\$ -	\$ 392,037	\$ 620,312	\$ 228,275
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (218,473)		\$ (218,473)	\$ (218,473)	
Increase in Capital Reserve	200	\$ 127,970	128,170	127,970	\$ (200)
Increase in Maintenance Reserve		25,000	25,000	25,000	
Budgeted Fund Balance		(152,970)	(152,970)	75,505	228,475
TOTAL	\$ (218,273)	\$ -	\$ (218,273)	\$ 10,002	\$ 228,275

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:

Excess Surplus:

Current Year-Designated for 2015-2016 Budget \$ 16,187

Committed Fund Balance:

Capital Reserve

\$ 223,094

Maintenance Reserve

25,000

\$ 248,094

Assigned Fund Balance:

Year-End Encumbrances

75,305

Designated for Subsequent Year's Expenditures

29,712

105,017

Unassigned Fund Balance

251,014

620,312

Reconciliation to Governmental Statements (GAAP):

Last State Aid Payments Not Recognized on GAAP Basis

(72,010)

Fund Balance Per Governmental Funds (GAAP)

\$ 548,302

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	\$ 989		\$ 989	\$ 19	\$ 970
Federal Sources	109,535		109,535	96,249	13,286
TOTAL REVENUES	<u>\$ 110,524</u>	<u>\$ -</u>	<u>\$ 110,524</u>	<u>\$ 96,268</u>	<u>\$ 14,256</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 44,738	\$ (460)	\$ 44,278	\$ 33,770	\$ 10,508
Purchased Professional & Technical Services	3,462	(367)	3,095	2,282	813
General Supplies	31,620	(7,046)	24,574	24,311	263
Total	<u>79,820</u>	<u>(7,873)</u>	<u>71,947</u>	<u>60,363</u>	<u>11,584</u>
Support Services:					
Personal Service Employee Benefits	9,021	1,200	10,221	10,221	
Purchased Professional & Technical Services	15,417	(1)	15,416	14,447	969
Other Purchased Services	4,563		4,563	4,563	
Supplies & Materials	1,703		1,703		1,703
Total	<u>30,704</u>	<u>1,199</u>	<u>31,903</u>	<u>29,231</u>	<u>2,672</u>
Facility Acquisition and Construction Services:					
Instructional Equipment		6,674	6,674	6,674	
Total	<u>-</u>	<u>6,674</u>	<u>6,674</u>	<u>6,674</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 110,524</u>	<u>\$ -</u>	<u>\$ 110,524</u>	<u>\$ 96,268</u>	<u>\$ 14,256</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 2,752,538	\$ 96,268
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		3,144
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	70,161	
State Aid Receivable Current Year	(72,010)	
Total Revenues (GAAP Basis)	<u>\$ 2,750,689</u>	<u>\$ 99,412</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,737,005	\$ 96,268
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		3,144
Total Expenditures (GAAP Basis)	<u>\$ 2,737,005</u>	<u>\$ 99,412</u>

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	NJ Non-public Nursing	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	REAP	Total 2014
REVENUES							
State Sources	\$ 19						\$ 19
Federal Sources		\$ 18,962	\$ 4,563	\$ 53,668	\$ 1,062	\$ 17,994	96,249
TOTAL REVENUES	<u>\$ 19</u>	<u>\$ 18,962</u>	<u>\$ 4,563</u>	<u>\$ 53,668</u>	<u>\$ 1,062</u>	<u>\$ 17,994</u>	<u>\$ 96,268</u>
EXPENDITURES							
Instruction:							
Salaries		\$ 11,530		\$ 22,240			\$ 33,770
Purchased Professional & Tech Services		2,282					2,282
General Supplies		813		4,442	\$ 1,062	\$ 17,994	24,311
Totals	<u>\$ -</u>	<u>14,625</u>	<u>\$ -</u>	<u>26,682</u>	<u>1,062</u>	<u>17,994</u>	<u>60,363</u>
Support Services:							
Personal Service Employee Benefits		4,337		5,884			10,221
Purchased Professional & Tech Services	19			14,428			14,447
Other Purchased Services			4,563				4,563
Totals	<u>19</u>	<u>4,337</u>	<u>4,563</u>	<u>20,312</u>	<u>-</u>	<u>-</u>	<u>29,231</u>
Facility Acquisition and Construction Services:							
Instructional Equipment				6,674			6,674
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,674</u>	<u>-</u>	<u>-</u>	<u>6,674</u>
TOTAL EXPENDITURES	<u>\$ 19</u>	<u>\$ 18,962</u>	<u>\$ 4,563</u>	<u>\$ 53,668</u>	<u>\$ 1,062</u>	<u>\$ 17,994</u>	<u>\$ 96,268</u>

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2014

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 13,399
Receivables from Other Governments:	
State	54
Federal	823
Other	1,520
Inventory	2,194
Total Current Assets	<u>17,990</u>

Noncurrent Assets:

Capital Assets	27,228
Less: Accumulated Depreciation	<u>25,585</u>
Total Noncurrent Assets	<u>1,643</u>
Total Assets	<u>19,633</u>

LIABILITIES

Current Liabilities:

Accounts Payable	2,807
Unearned Revenues	<u>1,371</u>
Total Liabilities	<u>4,178</u>

NET POSITION

Net Investment in Capital Assets	1,643
Unrestricted	<u>13,812</u>
TOTAL NET POSITION	<u>\$ 15,455</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES EXPENSES, AND
CHANGES IN FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 15,151
Daily Sales-Nonreimbursable Programs	4,850
Satellite Sales	21,533
Total Operating Revenues	<u>41,534</u>
Other Expenses:	
Costs of Sales (Not Including Commodity Food)	24,457
Commodity Food Cost	8,013
Salaries	23,802
Employee Benefits	4,050
Insurance	619
Management Fee	6,240
Other Purchased Services	2,323
Depreciation	365
Total Operating Expenses	<u>69,869</u>
Operating Income (Loss)	<u>(28,335)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	473
Federal Sources:	
National School Lunch Program:	
Cash Assistance	11,442
Non-Cash Assistance (Commodities)	8,013
National School Breakfast Program	560
Interest Earned on Investments	4
Total Nonoperating Revenues (Expenses)	<u>20,492</u>
Other Financing Sources:	
Operating Transfer In	<u>5,531</u>
Change in Net Position	(2,312)
Net Position, Beginning	<u>17,767</u>
Net Position, Ending	<u><u>\$ 15,455</u></u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 40,944
Payments to Food Services Management Co	(55,049)
Payments to Employees and Vendors	(5,639)
Net Cash Provided by (Used For) Operating Activities	<u>(19,744)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	438
Federal Sources	11,798
Operating Transfer In	5,531
Net Interfund Transactions	3,009
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>20,776</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	4
Net Cash Provided by (Used For) Investing Activities	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,036
Cash and Cash Equivalents, July 1, 2013	<u>12,363</u>
Cash and Cash Equivalents, June 30, 2014	<u><u>\$ 13,399</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (28,335)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	365
Federal Food Donation Program	8,013
(Increase) Decrease in Accounts Receivable	(589)
(Increase) Decrease in Inventory	(169)
Increase (Decrease) in Unearned Revenue	345
Increase (Decrease) in Accounts Payable	626
Net Cash Provided by (Used For) Operating Activities	<u><u>\$ (19,744)</u></u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 40,080	\$ 30,953	\$ 16,818	\$ 87,851
Due from Other Funds	299			299
Total Assets	40,379	30,953	16,818	88,150
LIABILITIES				
Accounts Payable	109			109
Due to Other Funds			299	299
Due to Student Groups		30,953		30,953
Payroll Deductions & Withholdings			16,519	16,519
Total Liabilities	109	30,953	16,818	47,880
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	40,270	-	-	40,270
Total Net Position	\$ 40,270	\$ -	\$ -	\$ 40,270

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 2,976
Investment Earnings-Interest	23
Total Additions	<u>2,999</u>
DEDUCTIONS	
Unemployment Claims	<u>375</u>
Change in Net Position	2,624
Net Position, Beginning of the Year	<u>37,646</u>
Net Position, End of the Year	<u><u>\$ 40,270</u></u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash and Cash Equivalents	\$ 28,914	\$ 13,487	\$ 11,448	\$ 30,953
TOTAL ASSETS	<u>\$ 28,914</u>	<u>\$ 13,487</u>	<u>\$ 11,448</u>	<u>\$ 30,953</u>
LIABILITIES				
Due to Students Groups	\$ 28,914	\$ 13,487	\$ 11,448	\$ 30,953
TOTAL LIABILITIES	<u>\$ 28,914</u>	<u>\$ 13,487</u>	<u>\$ 11,448</u>	<u>\$ 30,953</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
ASSETS				
Cash and Cash Equivalents	\$ 16,392	\$ 1,862,449	\$ 1,862,023	\$ 16,818
TOTAL ASSETS	<u>\$ 16,392</u>	<u>\$ 1,862,449</u>	<u>\$ 1,862,023</u>	<u>\$ 16,818</u>
LIABILITIES				
Due to Other Funds	\$ 299			\$ 299
Payroll Deductions & Withholding	14,479	\$ 793,723	\$ 793,081	15,121
Net Payroll	<u>1,614</u>	<u>1,068,726</u>	<u>1,068,942</u>	<u>1,398</u>
TOTAL LIABILITIES	<u>\$ 16,392</u>	<u>\$ 1,862,449</u>	<u>\$ 1,862,023</u>	<u>\$ 16,818</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Issued	Retired	Balance
			Date	Amount		07/01/13			06/30/14
Series 2001	05/01/01	\$ 1,439,000	03/01/15	\$ 135,000	4.625%				
			03/01/16	139,000		\$ 399,000		\$ 125,000	\$ 274,000
						<u>\$ 399,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 274,000</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2014

(NOT APPLICABLE TO THIS REPORT)

FRENCHTOWN BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 143,454		\$ 143,454	\$ 143,454	
Total Revenues	143,454	\$ -	143,454	143,454	\$ -
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	18,454		18,454	18,454	
Redemption of Bond Principal	125,000		125,000	125,000	
Total Expenditures	143,454	-	143,454	143,454	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1	4,810	-	4,810	4,810	-
Fund Balance, June 30	\$ 4,810	\$ -	\$ 4,810	\$ 4,810	\$ -

STATISTICAL SECTION

FRENCHTOWN BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
REVENUE CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
DEBT CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is
Derived from the Comprehensive Annual Financial Reports (CAFR) for the
Relevant Year.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 1,349,934	\$ 1,368,953	\$ 1,393,464	\$ 1,423,180	\$ 1,483,848	\$ 1,527,013	\$ 1,583,398	\$ 1,637,040	\$ 1,704,199	\$ 1,868,912
Restricted	98,002	100,550	104,791	109,159	109,287	113,604	114,219	139,675	116,934	252,904
Unrestricted	351,841	143,602	179,186	203,235	120,254	64,083	221,778	188,687	311,072	212,749
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 1,799,777</u>	<u>\$ 1,613,105</u>	<u>\$ 1,677,441</u>	<u>\$ 1,735,574</u>	<u>\$ 1,713,389</u>	<u>\$ 1,704,700</u>	<u>\$ 1,919,395</u>	<u>\$ 1,965,402</u>	<u>\$ 2,132,205</u>	<u>\$ 2,334,565</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets			\$ 4,196	\$ 3,831	\$ 3,466	\$ 3,102	\$ 2,737	\$ 2,372	\$ 2,008	\$ 1,643
Unrestricted	<u>\$ (1,366)</u>	<u>\$ 2,834</u>	<u>(613)</u>	<u>7,374</u>	<u>9,627</u>	<u>9,407</u>	<u>13,268</u>	<u>12,223</u>	<u>15,759</u>	<u>13,812</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ (1,366)</u>	<u>\$ 2,834</u>	<u>\$ 3,583</u>	<u>\$ 11,205</u>	<u>\$ 13,093</u>	<u>\$ 12,509</u>	<u>\$ 16,005</u>	<u>\$ 14,595</u>	<u>\$ 17,767</u>	<u>\$ 15,455</u>
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 1,349,934	\$ 1,368,953	\$ 1,397,660	\$ 1,427,011	\$ 1,487,314	\$ 1,530,115	\$ 1,586,135	\$ 1,639,412	\$ 1,706,207	\$ 1,870,555
Restricted	98,002	100,550	104,791	109,159	109,287	113,604	114,219	139,675	116,934	252,904
Unrestricted	350,475	146,436	178,573	210,609	129,881	73,490	235,046	200,910	326,831	226,561
TOTAL DISTRICT-WIDE	<u>\$ 1,798,411</u>	<u>\$ 1,615,939</u>	<u>\$ 1,681,024</u>	<u>\$ 1,746,779</u>	<u>\$ 1,726,482</u>	<u>\$ 1,717,209</u>	<u>\$ 1,935,400</u>	<u>\$ 1,979,997</u>	<u>\$ 2,149,972</u>	<u>\$ 2,350,020</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 1,033,950	\$ 1,194,332	\$ 1,268,495	\$ 1,283,758	\$ 1,252,784	\$ 1,361,462	\$ 1,113,235	\$ 1,186,985	\$ 1,262,847	\$ 1,259,721
Special Education	214,793	292,387	322,633	325,980	371,898	356,717	408,963	416,596	418,171	440,745
Other Special Education	41,845	48,128	23,459	39,677	55,755	51,969	50,132	23,866	38,192	40,565
Other Instruction	19,235	25,189	37,853	24,811	22,525	17,509	24,549	27,786	23,354	37,082
Support Services:										
Tuition	34,342	47,397	25,696	52,030	23,416	52,799	1,125	66,420	16,250	1,822
Student & Instruction Related Services	299,225	350,114	406,115	414,783	439,504	469,155	424,222	427,911	412,028	388,465
General & Business Administrative Services	193,462	179,767	156,569	165,854	179,702	164,062	121,655	154,246	161,111	206,275
School Administration	117,152	88,491	65,542	74,063	70,792	63,896	99,003	102,065	73,510	82,622
Plant Operations & Maintenance	168,226	238,484	231,226	201,102	268,369	224,628	205,402	274,994	276,299	287,846
Pupil Transportation	18,344	30,250	20,026	35,784	51,538	49,362	51,771	63,487	49,144	55,282
Interest and Other Charges on Long-Term Debt	60,096	56,165	52,156	47,924	44,436	40,218	45,511	35,721	30,427	29,335
Total Governmental Activities Expenses	<u>2,200,670</u>	<u>2,550,704</u>	<u>2,609,770</u>	<u>2,665,766</u>	<u>2,780,719</u>	<u>2,851,777</u>	<u>2,545,568</u>	<u>2,780,077</u>	<u>2,761,333</u>	<u>2,829,760</u>
Business-Type Activities:										
Food Services	42,677	46,093	66,535	66,898	67,892	59,080	58,450	71,134	65,516	69,869
Total Business-Type Activities	<u>42,677</u>	<u>46,093</u>	<u>66,535</u>	<u>66,898</u>	<u>67,892</u>	<u>59,080</u>	<u>58,450</u>	<u>71,134</u>	<u>65,516</u>	<u>69,869</u>
TOTAL DISTRICT EXPENSES	<u>\$ 2,243,347</u>	<u>\$ 2,596,797</u>	<u>\$ 2,676,305</u>	<u>\$ 2,732,664</u>	<u>\$ 2,848,611</u>	<u>\$ 2,910,857</u>	<u>\$ 2,604,018</u>	<u>\$ 2,851,211</u>	<u>\$ 2,826,849</u>	<u>\$ 2,899,629</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services	\$ 90,362	\$ 91,107	\$ 125,608	\$ 136,829	\$ 220,382	\$ 206,007	\$ 103,489	\$ 50,788	\$ 18,000	\$ 116,168
Operating Grants & Contributions	70,814	51,202	95,053	70,374	62,089	88,332	101,891	102,224	73,523	99,412
Capital Grants & Contributions			43,199							
Total Governmental Activities Program Revenues	161,176	142,309	263,860	207,203	282,471	294,339	205,380	153,012	91,523	215,580
Business-Type Activities:										
Charges for Services:										
Food Service	24,878	27,917	44,320	45,781	43,262	40,296	40,901	44,751	41,312	41,534
Operating Grants & Contributions	8,080	9,273	12,564	14,773	17,838	18,186	21,010	16,898	17,997	20,488
Total Business-Type Activities Program Revenues	32,958	37,190	56,884	60,554	61,100	58,482	61,911	61,649	59,309	62,022
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 194,134</u>	<u>\$ 179,499</u>	<u>\$ 320,744</u>	<u>\$ 267,757</u>	<u>\$ 343,571</u>	<u>\$ 352,821</u>	<u>\$ 267,291</u>	<u>\$ 214,661</u>	<u>\$ 150,832</u>	<u>\$ 277,602</u>
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (2,039,494)	\$ (2,408,395)	\$ (2,345,910)	\$ (2,458,563)	\$ (2,498,248)	\$ (2,557,438)	\$ (2,340,188)	\$ (2,627,065)	\$ (2,669,810)	\$ (2,614,180)
Business-Type Activities	(9,719)	(8,903)	(9,651)	(6,344)	(6,792)	(598)	3,461	(9,485)	(6,207)	(7,847)
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (2,049,213)</u>	<u>\$ (2,417,298)</u>	<u>\$ (2,355,561)</u>	<u>\$ (2,464,907)</u>	<u>\$ (2,505,040)</u>	<u>\$ (2,558,036)</u>	<u>\$ (2,336,727)</u>	<u>\$ (2,636,550)</u>	<u>\$ (2,676,017)</u>	<u>\$ (2,622,027)</u>
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,223,141	\$ 1,283,310	\$ 1,352,227	\$ 1,423,722	\$ 1,494,908	\$ 1,547,230	\$ 1,609,121	\$ 1,641,301	\$ 1,673,305	\$ 1,705,934
Taxes Levied for Debt Service	146,613	140,454	141,523	142,360	137,967	138,573	143,948	138,861	138,773	143,454
Unrestricted Grants & Contributions	722,297	798,181	904,541	948,897	822,528	851,842	797,260	904,968	1,025,587	972,029
Investment Earnings	6,532	11,798	18,028	13,342	4,060	6,020	2,928	806	690	455
Miscellaneous Income	531	1,083	4,327	1,875	7,652	5,084	1,626	201	7,631	199
Contribution-Parent Teacher Organization					17,603					
Operating Transfer	(4,399)	(13,103)	(10,400)	(13,500)	(8,655)			(13,065)	(9,373)	(5,531)
Total Governmental Activities	2,094,715	2,221,723	2,410,246	2,516,696	2,476,063	2,548,749	2,554,883	2,673,072	2,836,613	2,816,540

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings						\$ 14	\$ 35	\$ 10	\$ 6	\$ 4
Miscellaneous Income				\$ 466	\$ 25					
Transfers	\$ 4,399	\$ 13,103	\$ 10,400	13,500	8,655			8,065	9,373	5,531
Total Business-Type Activities	<u>4,399</u>	<u>13,103</u>	<u>10,400</u>	<u>13,966</u>	<u>8,680</u>	<u>14</u>	<u>35</u>	<u>8,075</u>	<u>9,379</u>	<u>5,535</u>
TOTAL DISTRICT-WIDE	<u>\$ 2,099,114</u>	<u>\$ 2,234,826</u>	<u>\$ 2,420,646</u>	<u>\$ 2,530,662</u>	<u>\$ 2,484,743</u>	<u>\$ 2,548,763</u>	<u>\$ 2,554,918</u>	<u>\$ 2,681,147</u>	<u>\$ 2,845,992</u>	<u>\$ 2,822,075</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 55,221	\$ (186,672)	\$ 64,336	\$ 58,133	\$ (22,185)	\$ (8,689)	\$ 214,695	\$ 46,007	\$ 166,803	\$ 202,360
Business-Type Activities	(5,320)	4,200	749	7,622	1,888	(584)	3,496	(1,410)	3,172	(2,312)
TOTAL DISTRICT	<u>\$ 49,901</u>	<u>\$ (182,472)</u>	<u>\$ 65,085</u>	<u>\$ 65,755</u>	<u>\$ (20,297)</u>	<u>\$ (9,273)</u>	<u>\$ 218,191</u>	<u>\$ 44,597</u>	<u>\$ 169,975</u>	<u>\$ 200,048</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Restricted	\$ 195,351	\$ 152,839	\$ 54,440							\$ 16,187
Committed	92,728	95,276	99,980	\$ 104,349	\$ 104,477	\$ 108,794	\$ 109,409	\$ 134,865	\$ 112,124	248,094
Assigned	161,023	40,635	12,049	87,662	41,587	93,266	127,959	113,718	218,474	105,017
Unassigned	72,331	70,212	165,579	186,183	150,634	85,391	149,735	171,066	209,551	179,004
Total General Fund	<u>\$ 521,433</u>	<u>\$ 358,962</u>	<u>\$ 332,048</u>	<u>\$ 378,194</u>	<u>\$ 296,698</u>	<u>\$ 287,451</u>	<u>\$ 387,103</u>	<u>\$ 419,649</u>	<u>\$ 540,149</u>	<u>\$ 548,302</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ (42,660)	\$ (42,660)								
Special Revenue Fund			\$ (112)	\$ (112)						
Assigned, Reported In:										
Capital Projects Fund	14,267	415								
Debt Service Fund	5,274	5,274	4,811	4,810	\$ 4,810	\$ 4,810	\$ 4,810	\$ 4,810	\$ 4,810	\$ 4,810
Total All Other Governmental Funds	<u>\$ (23,119)</u>	<u>\$ (36,971)</u>	<u>\$ 4,699</u>	<u>\$ 4,698</u>	<u>\$ 4,810</u>	<u>\$ 4,810</u>	<u>\$ 4,810</u>	<u>\$ 4,810</u>	<u>\$ 4,810</u>	<u>\$ 4,810</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30.									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Tax Levy	\$ 1,369,754	\$ 1,423,764	\$ 1,493,750	\$ 1,566,082	\$ 1,632,875	\$ 1,685,803	\$ 1,753,069	\$ 1,780,162	\$ 1,812,078	\$ 1,849,388
Tuition Charges	25,025	54,519	60,660	67,305	83,683	75,211	52,706	24,139	18,000	72,072
Interest Earnings	6,532	11,798	18,028	13,342	4,060	6,020	2,928	806	690	455
Miscellaneous	65,868	37,671	70,870	71,795	161,954	135,880	52,409	26,850	7,631	199
State Sources	729,151	804,463	951,763	951,129	822,640	751,926	797,260	883,888	1,025,876	972,048
Federal Sources	63,960	44,920	89,435	67,746	61,977	188,248	101,891	123,304	73,234	99,393
Total Revenues	2,260,290	2,377,135	2,684,506	2,737,399	2,767,189	2,843,088	2,760,263	2,839,149	2,937,509	2,993,555
Expenditures:										
Instruction:										
Regular Instruction	770,789	881,395	906,450	918,099	968,116	983,222	889,341	838,704	872,421	905,825
Special Education Instruction	136,606	210,323	188,000	211,171	249,139	261,690	245,577	279,378	300,090	294,999
Other Special Instruction	33,290	34,516	17,689	29,225	38,748	32,429	31,485	8,149	11,728	17,099
Other Instruction	18,731	24,204	27,568	23,887	21,761	16,912	23,789	26,849	22,577	33,743
Support Services:										
Tuition	2,707	19,430	8,306	36,790	23,416	24,855	1,125	27,014	7,347	1,822
Student & Instruction Related Services	228,519	268,218	278,617	256,159	336,285	337,419	274,110	302,166	282,944	265,226
General Administration	99,878	85,042	72,477	66,443	77,521	78,493	50,351	39,840	57,612	71,048
School Administration Services	98,550	63,892	55,446	59,387	65,348	57,652	91,681	81,968	52,987	59,422
Central Services/Business Services	61,324	51,575	56,951	59,812	62,564	48,559	40,196	50,180	48,320	76,185
Admin Information Technology										
Plant Operations & Maintenance	144,507	215,708	203,510	179,984	241,074	195,764	171,631	219,182	238,412	240,361
Pupil Transportation	18,344	30,250	19,596	34,354	53,407	36,891	37,928	53,260	39,429	37,753
Employee Benefits	262,909	278,609	297,199	275,837	265,098	326,563	344,099	370,003	360,833	382,369
On-Behalf TPAF Pension & Soc Sec Contributions	149,737	185,537	289,344	313,871	209,894	215,451	203,051	249,708	284,670	239,992
Capital Outlay	16,338				72,253	9,530	10,408		7,664	98,353
Capital Projects	18,991		1,509							
Special Revenue Funds	70,814	51,202	95,165	70,374	61,977	88,332	101,891	102,224	73,523	99,412
Debt Service:										
Principal	85,000	85,000	90,000	95,000	95,000	100,000	110,000	110,000	115,000	125,000
Interest & Other Charges	59,385	55,454	51,523	47,361	42,967	38,573	33,948	34,913	32,079	31,262
Total Expenditures	2,276,419	2,540,355	2,659,350	2,677,754	2,884,568	2,852,335	2,660,611	2,793,538	2,807,636	2,979,871
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,129)	(163,220)	25,156	59,645	(117,379)	(9,247)	99,652	45,611	129,873	13,684
Other Financing Sources (Uses):										
Proceeds from Bond Issue					44,650					
Capital Leases (Non-Budgeted)					(8,655)			(13,065)	(9,373)	(5,531)
Transfers Out	(4,399)	(13,103)	(10,400)	(13,500)						
Total Other Financing Sources (Uses)	(4,399)	(13,103)	(10,400)	(13,500)	35,995	-	-	(13,065)	(9,373)	(5,531)
Net Change in Fund Balances	\$ (20,528)	\$ (176,323)	\$ 14,756	\$ 46,145	\$ (81,384)	\$ (9,247)	\$ 99,652	\$ 32,546	\$ 120,500	\$ 8,153
Debt Service as a Percentage of Non- capital Expenditures	6.89%	5.85%	5.62%	5.61%	5.16%	5.12%	5.74%	5.47%	5.54%	5.73%

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects and debt service

FRENCHTOWN BOROUGH SCHOOL DISTRICT
GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Interest Income	\$ 6,213	\$ 11,384	\$ 17,936	\$ 13,342	\$ 4,060	\$ 6,020	\$ 2,928	\$ 806	\$ 690	\$ 455
Tuition	25,025	54,519	60,660	67,305	83,683	75,211	52,706	24,139	18,000	72,072
Other School Districts-Shared Services	65,337	34,588	64,948	69,524	136,699	130,796	50,783	26,649		
Prior Year Refunds			797		549	3,639	319		7,242	
Summer Music Project			1,494							
Outstanding Checks Voided			1,486		14					
Miscellaneous Other	219	4		729	274	18			289	199
Milford Algebra Fee		2,000								
Use of Facilities	312		50	1,044	1,065	1,187				
Sale of Bid Specifications										
Contributions		600	500		211	89	1,307	201	100	
Transportation Reimbursement					896					
Joint Insurance Fund-Surplus Refund					4,643					
Contribution-Parent Teacher Organization					17,603					
Sale of Surplus Equipment & Materials		479		102		151				
Annual Totals	<u>\$ 97,106</u>	<u>\$ 103,574</u>	<u>\$ 147,871</u>	<u>\$ 152,046</u>	<u>\$ 249,697</u>	<u>\$ 217,111</u>	<u>\$ 108,043</u>	<u>\$ 51,795</u>	<u>\$ 26,321</u>	<u>\$ 72,726</u>

Source: District Records

FRENCHTOWN BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Vacant Land	\$ 2,704,600	\$ 2,617,100	\$ 2,554,500	\$ 2,554,500	\$ 2,608,300	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100	\$ 2,505,100
Residential	108,135,800	108,765,800	108,162,700	108,094,600	108,052,500	109,384,700	108,678,000	108,976,400	108,741,700	109,474,900
Farm Regular	898,600	898,600	898,600	898,600	898,600	898,600	898,600	898,600	898,600	898,600
Qualified Farm	76,805	76,805	52,749	52,749	14,200	14,700	14,700	14,700	14,700	14,700
Commercial	26,621,400	26,699,600	26,662,500	28,085,300	27,687,500	26,861,900	26,785,700	26,737,800	26,737,800	26,449,600
Industrial	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350	3,726,350
Apartment	6,867,600	6,834,300	6,119,880	6,119,880	6,446,500	6,045,500	6,045,500	6,045,500	6,045,500	5,682,600
Total Assessed Value	149,031,155	149,618,555	148,177,279	149,531,979	149,433,950	149,436,850	148,653,950	148,904,450	148,669,750	148,751,850
Public Utilities (a)	881,591	970,914	945,769	1,059,003	1,130,900	889,485	725,240	592,657	489,679	594,036
Net Valuation Taxable	<u>\$ 149,912,746</u>	<u>\$ 150,589,469</u>	<u>\$ 149,123,048</u>	<u>\$ 150,590,982</u>	<u>\$ 150,564,850</u>	<u>\$ 150,326,335</u>	<u>\$ 149,379,190</u>	<u>\$ 149,497,107</u>	<u>\$ 149,159,429</u>	<u>\$ 149,345,886</u>
Estimated Actual County Equalized Value	<u>\$ 142,156,740</u>	<u>\$ 166,760,565</u>	<u>\$ 180,920,032</u>	<u>\$ 189,110,834</u>	<u>\$ 182,114,565</u>	<u>\$ 177,418,076</u>	<u>\$ 171,957,166</u>	<u>\$ 166,644,863</u>	<u>\$ 159,392,422</u>	<u>\$ 152,424,868</u>
Percentage of Net Valuations to Estimated Actual County Equalized Value	<u>105.46%</u>	<u>90.30%</u>	<u>82.42%</u>	<u>79.63%</u>	<u>82.68%</u>	<u>84.73%</u>	<u>86.87%</u>	<u>89.71%</u>	<u>93.58%</u>	<u>97.98%</u>
Total Direct School Tax Rate (b)	<u>\$ 0.950</u>	<u>\$ 0.991</u>	<u>\$ 1.051</u>	<u>\$ 1.084</u>	<u>\$ 1.120</u>	<u>\$ 1.170</u>	<u>\$ 1.190</u>	<u>\$ 1.213</u>	<u>\$ 1.240</u>	<u>\$ 1.263</u>

★

Source: Municipal Tax Assessor

NOTE

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

* Revalued/Reassessed

FRENCHTOWN BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Regional School Tax Rate	Municipality	County	Fire District	
2005	\$ 0.856	\$ 0.094	\$ 0.950	\$ 0.497	\$ 0.440	\$ 0.363		\$ 2.25
2006	0.898	0.094	0.992	0.531	0.496	0.396		2.42
2007	0.955	0.096	1.051	0.605	0.549	0.405		2.61
2008	0.992	0.092	1.084	0.502	0.542	0.422		2.55
2009	1.028	0.092	1.120	0.498	0.563	0.419		2.60
2010	1.071	0.095	1.166	0.473	0.601	0.407		2.65
2011	1.096	0.096	1.192	0.439	0.623	0.398		2.65
2012	1.121	0.092	1.213	0.477	0.655	0.398		2.74
2013	1.145	0.095	1.240	0.524	0.674	0.392		2.83
2014	1.164	0.099	1.263	0.572	0.705	0.383		2.92

Sources: Municipal Tax Collector

NOTE:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

★

Revalued/Reassessed

FRENCHTOWN BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

	2014			2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Frenchtown Associates LLC	\$ 2,950,000	1	1.98%	\$ 3,390,100	1	2.26%
Frenchtown Properties LLC	2,145,200	2	1.44%	2,145,200	2	1.43%
Frenchtown Barn Center LLC	1,500,000	3	1.00%	1,113,600	4	0.74%
Davon LLC	977,200	4	0.65%	977,200	5	0.65%
Bridge Race Properties LLC	972,200	5	0.65%	972,200	6	0.65%
Individual Property Owner	830,800	6	0.56%	830,800	8	0.55%
Traub Holdings LLC	758,400	7	0.51%	758,400	10	0.51%
B & B Properties LLC	748,500	8	0.50%			
T2 Services Inc	724,700	9	0.49%			
Individual Property Owner	718,800	10	0.48%			
Individual Property Owner				1,586,300	3	1.06%
United Telephone Company of NJ				881,591	7	0.59%
Individual Property Owner				809,900	9	0.54%
	<u>\$ 12,325,800</u>		<u>8.25%</u>	<u>\$ 13,465,291</u>		<u>8.98%</u>

Source: Municipal Tax Assessor

FRENCHTOWN BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2004	\$ 3,221,596	\$ 3,065,440	95.15%
2005	3,380,115	3,276,470	96.93%
2006	3,648,964	3,459,905	94.82%
2007	3,920,222	3,736,078	95.30%
2008	3,852,232	3,741,707	97.13%
2009	3,925,744	3,642,780	92.79%
2010	3,982,690	3,753,793	94.25%
2011	3,969,209	3,662,420	92.27%
2012	4,101,468	3,874,442	94.46%
2013	4,230,272	4,059,133	95.95%

Sources: District records including the Certificate and Report of School Taxes (A4F form)

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, (a) a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2005	\$ 1,199,000					\$ 1,199,000	1.33%	\$ 802
2006	1,114,000					1,114,000	1.24%	750
2007	1,024,000					1,024,000	1.07%	693
2008	929,000					929,000	0.92%	631
2009	834,000		\$ 34,600			868,600	0.86%	592
2010	734,000		26,451			760,451	0.78%	518
2011	624,000		17,977			641,977	0.72%	467
2012	514,000		9,165			523,165	0.55%	382
2013	399,000					399,000	0.41%	295
2014	274,000					274,000	N/A	202

NOTE

Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

FRENCHTOWN BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 1,199,000		\$ 1,199,000	0.80%	\$ 807
2006	1,114,000		1,114,000	0.74%	754
2007	1,024,000		1,024,000	0.69%	695
2008	929,000		929,000	0.62%	633
2009	834,000		834,000	0.55%	569
2010	734,000		734,000	0.49%	534
2011	624,000		624,000	0.42%	456
2012	514,000		514,000	0.34%	380
2013	399,000		399,000	0.27%	294
2014	274,000		274,000	0.18%	202

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit NJ J-6 for property tax data.

(b) Population data can be found in Exhibit NJ J-14.

* Revalued/Reassessed

FRENCHTOWN BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 2,792,672	100.00%	\$ 2,792,672
Regional High School	3,055,000	6.63%	202,531
County General Obligation Debt	69,514,672	0.74%	<u>516,606</u>
Subtotal, Overlapping Debt			3,511,809
School District Direct Debt			<u>399,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 3,910,809</u></u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
 Provided by the County Board of Taxation. Debt Outstanding Data
 Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis

2013	\$ 151,734,793
2012	159,119,951
2011	165,704,994
	<u>\$ 476,559,738</u>

Average Equalized Valuation of Taxable Property

\$ 158,853,246

Debt Limit (3.0% of Average Equalization Value)

\$ 4,765,597 (a)

Total Net Debt Applicable to Limit

274,000

Legal Debt Margin

\$ 4,491,597

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 3,647,223	\$ 4,202,670	\$ 4,759,376	\$ 5,213,702	\$ 5,534,083	\$ 5,531,279	\$ 5,362,191	\$ 5,140,934	\$ 4,968,485	\$ 4,765,597
Total Net Debt Applicable	1,243,169	1,158,169	1,024,000	929,000	834,000	734,000	624,000	514,000	399,000	274,000
Legal Debt Margin	<u>\$ 2,404,054</u>	<u>\$ 3,044,501</u>	<u>\$ 3,735,376</u>	<u>\$ 4,284,702</u>	<u>\$ 4,700,083</u>	<u>\$ 4,797,279</u>	<u>\$ 4,738,191</u>	<u>\$ 4,626,934</u>	<u>\$ 4,569,485</u>	<u>\$ 4,491,597</u>
Total Net Debt Applicable to the Limit as a Percent- age of Debt Limit	34.09%	27.56%	21.52%	17.82%	15.07%	13.27%	11.64%	10.00%	8.03%	5.75%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey.
Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

FRENCHTOWN BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2005	1,486	\$ 88,981,680	\$ 59,880	4.1%
2006	1,477	96,007,954	65,002	3.1%
2007	1,473	100,710,483	68,371	2.7%
2008	1,467	100,969,209	68,827	3.6%
2009	1,467	96,911,487	66,061	6.3%
2010	1,374	89,785,404	65,346	6.6%
2011	1,369	94,953,840	69,360	6.5%
2012	1,354	97,665,374	72,131	6.7%
2013	1,356	N/A	N/A	6.7%
2014	N/A	N/A	N/A	N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2010 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

FRENCHTOWN BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2014			2005		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

FRENCHTOWN BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION / PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction	18.6	15.4	15.6	16.2	16.4	17.7	18.7	18.7	18.7	19.1
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Related Services	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Guidance	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Child Study Team	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Media Center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General Administration	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
School Administration	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Business Office	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9
Building Maintenance	2.0	2.0	2.0	2.0	2.0	1.4	1.4	1.4	1.4	1.4
Transportation	0.1	0.1	0.1	0.1	0.1	0.7	0.7	0.7	0.7	0.8
Cafeteria	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total	<u>26.9</u>	<u>23.7</u>	<u>23.9</u>	<u>24.0</u>	<u>24.2</u>	<u>25.5</u>	<u>26.5</u>	<u>26.5</u>	<u>26.5</u>	<u>27.1</u>

Sources: District Personnel Records

FRENCHTOWN BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	121	\$ 2,096,705	\$ 17,328	7.21%	25.0	1 to 4.84	129.3	122.4	4.19%	94.66%
2006	138	2,399,901	17,391	0.36%	25.0	1 to 5.52	131.6	126.4	1.78%	96.05%
2007	141	2,516,318	17,846	2.62%	24.0	1 to 5.88	142.6	136.0	8.36%	95.37%
2008	143	2,535,393	17,730	-0.65%	24.0	1 to 5.96	146.3	139.0	2.59%	95.01%
2009	158	2,674,348	16,926	-4.53%	24.0	1 to 6.59	158.9	150.6	8.61%	94.78%
2010	158	2,704,232	17,115	1.12%	24.0	1 to 6.59	157.5	148.6	-0.88%	94.35%
2011	171	2,506,255	14,656	-14.37%	24.0	1 to 6.50	168.4	158.9	6.92%	94.36%
2012	157	2,648,625	16,870	15.10%	24.0	1 to 6.55	159.6	151.1	-5.23%	94.67%
2013	148	2,652,893	17,925	6.25%	24.0	1 to 6.16	147.8	140.5	-7.39%	95.06%
2014	138	2,725,256	19,748	10.17%	18.5	1 to 7.45	137.7	131.0	-6.83%	95.12%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDING	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elementary (1925)										
Square Feet	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992	35,992
Capacity (Students)	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Enrollment	121.0	138.0	141.0	148.0	158.0	158.0	171.0	157.0	148.0	140.0
Number of Schools at June 30, 2014:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	Amount	Total
2005	\$ 12,158	\$ 12,158
2006	14,339	14,339
2007	18,971	18,971
2008	21,309	21,309
2009	19,519	19,519
2010	15,265	15,265
2011	14,757	14,757
2012	26,903	26,903
2013	65,117	65,117
2014	20,846	20,846
	<hr/>	<hr/>
Total School Facilities	<u>\$ 229,184</u>	<u>\$ 229,184</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

FRENCHTOWN BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Ins Fund:		
Property-Blanket Building & Contents (Fund Limit)	\$ 250,000,000	\$ 2,500
Comprehensive General Liability	5,000,000	1,000
Comprehensive Automobile Liability	5,000,000	
School Board Legal Liability	5,000,000	10,000
Excess Liability-School Alliance Ins Fund:		
Umbrella Policy	10,000,000	
Workers Compensation- School Alliance Insurance Fund:		
Per Accident Per Employee	5,000,000	
Per Disease Per Employee	5,000,000	
Per Disease Policy Limit	5,000,000	
Public Employees' Faithful Performance-Selective Insurance:		
Treasurer of School Monies Bond	150,000	
School Board Secretary Bond	150,000	
School Alliance Insurance Fund:		
Employee's Blanket Bond	400,000	1,000

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

October 2, 2014

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Frenchtown Borough School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated October 2, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

William M. Colantano, Jr.

Certified Public Accountant
Public School Accountant
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INDEPENDENT AUDITOR'S REPORT

October 2, 2014

Honorable President and
Members of the Board of Education
Frenchtown Borough School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Frenchtown Borough School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2014. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated October 2, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

William M. Colantano, Jr.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2013 (Acct Rec) Unearned Rev	Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2014		
									Accounts Receivable	Unearned Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education: Special Revenue Fund: NCLB Title IA	84.010A	NCLB 168014	\$ 18,789	07/01/2013- 6/30/2014			\$ 18,789		\$ (18,789)		
NCLB Title IA	84.010A	NCLB 168013	20,669	09/01/2012- 8/31/2013	\$ (20,669)	\$ 20,496	173	\$ 173	(173)		
NCLB Title IIA	84.367A	NCLB 168012	4,977	09/01/2011- 8/31/2012	173				(173)		
NCLB Title IIA	84.367A	NCLB 168013	4,698	09/01/2012- 8/31/2013	(4,698)	4,698					
NCLB Title IIA	84.367A	NCLB 168014	4,563	07/01/2013- 6/30/2014		4,563	4,563				
Race to the Top (RTT3)	84.413A	N/A	1,703	09/01/2011- 11/30/2015					(1,703)	\$ 1,703	
Small, Rural School Achievement Program	84.358A	S358A 113750	21,465	07/01/2011- 9/30/2012	(6,330)	6,330					
Small, Rural School Achievement Program	84.358A	S358A 123750	21,020	07/01/2012- 9/30/2013	(10,385)	11,136	10,635		(9,884)		
Small, Rural School Achievement Program	84.358A	S358A 133750	18,942	07/01/2013- 9/30/2014			7,359		(18,942)	11,583	
IDEA Basic	84.027	IDEA- 168014	36,776	07/01/2013- 6/30/2014		21,769	36,776		(15,007)		
IDEA Basic	84.027	IDEA- 168013	41,045	09/01/2012- 8/31/2013	(24,153)	41,045	16,892				
IDEA Preschool	84.173	IDEA- 168014	1,062	07/01/2013- 6/30/2014		677	1,062		(385)		
IDEA Preschool	84.173	IDEA- 168013	1,177	09/01/2012- 8/31/2013	(1,177)	1,177					
Total Special Revenue Fund					(67,239)	111,891	96,249	-	(64,883)	13,286	\$ -
US Department of Agriculture Passed Through State Department of Agriculture: Enterprise Fund:											
National School Lunch Program-Commodities	10.555	N/A	8,358	07/01/2013- 6/30/2014		8,358	6,987			1,371	
National School Lunch Program-Commodities	10.555	N/A	5,320	07/01/2012- 6/30/2013	1,026		1,026				
School Breakfast Program	10.553	N/A	560	07/01/2013- 6/30/2014		522	560		(38)		
School Breakfast Program	10.553	N/A	533	07/01/2012- 6/30/2013	(22)	22					
National School Lunch Program-Cash Assistance	10.555	N/A	11,442	07/01/2013- 6/30/2014		10,657	11,442		(785)		
National School Lunch Program-Cash Assistance	10.555	N/A	12,410	07/01/2012- 6/30/2013	(597)	597					
Total Enterprise Fund					407	20,156	20,015	-	(823)	1,371	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (66,832)	\$ 132,047	\$ 116,264	\$ -	\$ (65,706)	\$ 14,657	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2014			Memo	
				6/30/2013 (Acct Rec) Unearned Rev				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund:												
Equalization Aid	13-495-034	\$ 525,112	07/01/2012-									
	-5120-078		6/30/2013	\$ (51,896)	\$ 51,896							
Equalization Aid	14-495-034	508,039	07/01/2013-									
	-5120-078		6/30/2014		458,120	\$ 508,039		\$ (49,919)			\$ (49,919)	\$ 508,039
School Choice Aid	13-495-034	92,640	07/01/2012-									
	-5120-068		6/30/2013	(9,155)	9,155							
School Choice Aid	14-495-034	135,422	07/01/2013-									
	-5120-068		6/30/2014		122,116	135,422		(13,306)			(13,306)	135,422
Special Education Aid	13-495-034	87,299	07/01/2012-									
	-5120-089		6/30/2013	(8,628)	8,628							
Special Education Aid	14-495-034	85,703	07/01/2013-									
	-5120-089		6/30/2014		77,282	85,703		(8,421)			(8,421)	85,703
Security Aid	13-495-034	3,739	07/01/2012-									
	-5120-084		6/30/2013	(370)	370							
Security Aid	14-495-034	3,251	07/01/2013-									
	-5120-084		6/30/2014		3,258	3,251		7			7	3,251
Transportation Aid	13-495-034	1,135	07/01/2012-									
	-5120-014		6/30/2013	(112)	112							
Transportation Aid	14-495-034	457	07/01/2012-									
	-5120-014		6/30/2013		412	457		(45)			(45)	457
Extraordinary Special Education Costs Aid	13-100-034	36,998	07/01/2012-									
	-5120-473		6/30/2013	(36,998)	36,998							
Nonpublic Remote Transportation Aid	14-495-034	1,014	07/01/2013-									
	-5120-014		6/30/2014			1,014		(1,014)				1,014
Nonpublic Remote Transportation Aid	13-495-034	348	07/01/2012-									
	-5120-014		6/30/2013	(348)	348							
Reimbursement TPAF Social Security Contribution	14-495-034	83,784	07/01/2013-									
	-5095-002		6/30/2014		77,788	83,784		(5,996)				83,784
Reimbursement TPAF Social Security Contribution	13-495-034	102,439	07/01/2012-									
	-5095-002		6/30/2013	(4,557)	4,557							
On-Behalf TPAF Pension Contribution-Normal Cost and Accrued Liability	13-495-034	54,378	07/01/2013-									
	-5095-006		6/30/2014		54,378	54,378						54,378
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	13-495-034	4,800	07/01/2013-									
	-5095-007		6/30/2014		4,800	4,800						4,800
On-Behalf TPAF Pension Contribution-Post Retirement Medical	13-495-034	97,030	07/01/2013-									
	-5095-001		6/30/2014		97,030	97,030						97,030
Total General Fund				(112,064)	1,007,248	973,878	\$ -	(78,694)	\$ -	\$ -	(71,684)	973,878
Special Revenue Fund:												
Nonpublic Textbook Aid	14-100-034	329	07/01/2013-									
	-5120-064		6/30/2014		329					329		
Examination & Classification	14-100-034	180,465	7/01/2013-									
	-5120-066		6/30/2014		180,465					180,465		
Nonpublic Nursing Aid	14-100-034	540	07/01/2013-									
	-5120-070		6/30/2014		540	19				521		19
Nonpublic Technology Initiative Aid	14-100-034	120	07/01/2013-									
	-5120-373		6/30/2014		120					120		
Total Special Revenue Fund:				-	181,454	19	-	-	-	181,435	-	19

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRENCHTOWN BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014
 (Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2014			Memo	
				6/30/2013 (Acct Rec)				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
				Def Revenue								
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	13-100-010 -3350-023	\$ 445	07/01/2012-6/30/2013	\$ (19.0)	\$ 19							
National School Lunch Program (State Share)	14-100-010 -3350-023	473	07/01/2013-6/30/2014		419	\$ 473		\$ (54)				
Total Enterprise Fund				(19)	438	473	\$ -	(54)	\$ -	\$ -	\$ -	\$ -
TOTAL STATE FINANCIAL ASSISTANCE				\$ (112,083)	\$ 1,189,140	\$ 974,370	\$ -	\$ (78,748)	\$ -	\$ 181,435	\$ (71,684)	\$ 973,897

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Frenchtown Borough School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF GENERAL-PURPOSE FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,849) for the general fund and \$3,144 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 972,029	\$ 972,029
Special Revenue Fund	\$ 99,393	19	99,412
Food Service Fund	<u>20,015</u>	<u>473</u>	<u>20,488</u>
	<u>\$ 119,408</u>	<u>\$ 972,521</u>	<u>\$ 1,091,929</u>

FRENCHTOWN BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2014
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No
2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes X No

Noncompliance Material to Financial Statements Noted? Yes X No

Federal Awards NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes No
2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs?

Any Audit Findings Disclosed that are Required
to be Reported in Accordance with Section .510
(a) of Circular A-133 Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
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FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee _____ Yes _____ No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee X Yes _____ No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unmodified

Internal Control Over Major Programs:
1. Material weakness(es) identified? _____ Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses? _____ Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04? _____ Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
14-495-034-5120-068	\$ 135,422	School Choice Aid
14-495-034-5120-078	508,039	Equalization Aid

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2014.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2014.

FRENCHTOWN BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.